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Governing Council
of the United Nations
Environment Programme

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GENERAL

UNEP/HLC/2/INF/1
14 October 1997

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HIGH-LEVEL COMMITTEE OF
MINISTERS AND OFFICIALS
Second meeting
Nairobi, 17-18 November 1997

STATUS OF THE MERCURE SATELLITE COMMUNICATIONS SYSTEM AS AT 13 OCTOBER 1997

Note by the secretariat

1. The present information document, which has been prepared in response to the discussion on the subject at the first meeting of the High-level Committee (UNEP/HLC/1/5, paras. 47-51), reviews the status of implementation of the Mercure satellite telecommunications system as at 13 October 1997.

2. It will be recalled that, since its conception in 1993, the implementation of the Mercure system has been reviewed by the Governing Council on three separate occasions and subsequently endorsed in decisions 17/38 of 21 May 1993, 18/47 of 25 May 1995 and 19/30 of 7 February 1997. The system will become operational in the last quarter of 1997.

3. Responsibility for implementation and operation of Mercure was transferred to UNEP from the European Space Agency by the signing on 6 August 1997 of an agreement to that effect by the Executive Director of UNEP and the Director General of the European Space Agency. The Mercure system will be inaugurated on 5 November 1997 in Geneva, after which operational services will begin for the benefit of UNEP and its partners.

4. By the end of October 1997, physical installations in 10 of the 14 participating countries (Bahrain, Bolivia, China, Cuba, Kenya, Mozambique, Niger, Nepal, Switzerland and Thailand) will have been completed and be ready for operation. Two additional, independently funded stations, in Norway and Austria, will have also been installed and ready for operation by that time.

5. Work on the installations in Costa Rica and Kazakstan is finally under way after extended customs delays and the facilities are expected to be operational by the end of October 1997. The Hanoi installation is also targeted for completion by the end of October 1997.

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6. Delays have also been experienced with the installation of the Moscow station because of unsettled issues regarding the implementation plan, and incomplete host agency arrangements in the Russian Federation. Negotiations are continuing with government authorities to ensure an early resolution to these outstanding problems.

7. The Nairobi Mercure station had been tested and declared ready for operation by the end of July 1997, following final installation and alignment of equipment by a technical team from the donor countries. UNEP invited the Kenya Posts and Telecommunications Corporation (KPTC) to join in the final testing of the Mercure facilities at the time, but this did not prove possible. Subsequently, in collaboration with the Office of the Permanent Representative of Kenya to UNEP, the Mercure facilities were opened for inspection to a technical team from KPTC on 1 September 1997. UNEP is, however, still awaiting feedback from the inspection and final approval from the Government of Kenya for UNEP officially to operate the station in Kenya.

8. As a result of the delayed start to operations in Nairobi, there have been efficiency and cost implications for UNEP headquarters. The inauguration of the Mercure system has also been reprogrammed to take place in Geneva rather than Nairobi because of the delays in authorization.

9. A funding proposal, in line with the recommendations of Governing Council decision 19/30, was submitted to the Government of Norway in June 1997. This proposal seeks financial resources sufficient for the establishment of a centre at Arendal, Norway, to assist UNEP in the implementation and operation of UNEPnet and Mercure. On 31 July 1997, the Ministry of Foreign Affairs of Norway confirmed its willingness jointly to fund the UNEPnet programme to a total of 25.2 million Norwegian kroner (approximately US$ 3.3 million) over five years. Administrative steps, including securing UNEP matching funds as agreed in the request for funding, are being undertaken to formalize these commitments.

10. The Prime Minister of Norway officiated at the opening of the UNEPnet/Mercure facility in Arendal on 3 September 1997, where a preview of the Mercure system and UNEPnet was provided. Data and video-conferencing links were established successfully between Arendal, Beijing and Bangkok at this ceremony.

11. The question of possible integration of the Mercure system with the United Nations Global Telecommunications Network in the future is also being addressed in cooperation with United Nations Headquarters in New York. As a consequence, the United Nations Information Technology Services Division has agreed to fund an independent study by the International Telecommunication Union on the integration question and other opportunities for maximizing the benefits of Mercure to the UNEP programme. The study is to begin in the last quarter of 1997 with the results to be produced in early 1998.

UNITED
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EP

Governing Council
of the United Nations
Environment Programme

Distr.
GENERAL

UNEP/HLC/2/INF/2
7 October 1997

ENGLISH ONLY

HIGH-LEVEL COMMITTEE OF
MINISTERS AND OFFICIALS
Second meeting
Nairobi, 17-18 November 1997
Item 7 of the provisional agenda*

RULES OF PROCEDURE OF THE HIGH-LEVEL COMMITTEE OF MINISTERS AND OFFICIALS

Note by the secretariat

1. In its decision 19/32, the Governing Council decided to establish a High-level Committee of Ministers and Officials as a subsidiary organ of the Governing Council.

2. Paragraph 3 of rule 62 of the rules of procedure of the Governing Council states that:

> "The rules of procedure of subsidiary organs shall be those of the Governing Council, as appropriate, subject to such modifications as the Governing Council may decide upon in the light of proposals by the subsidiary organs concerned."

3. In paragraph 12 of decision 19/32, the Governing Council decided:

> "That, save as otherwise provided in this decision, the rules of procedure of the Governing Council, including rule 63, shall apply, mutatis mutandis, to the High-level Committee of Ministers and Officials until it adopts its own rules of procedure."

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4. During the Committee's consideration of its programme of work at its first meeting, there was a proposal that a working group on the Committee's rules of procedure should be established. 1/ Subsequently, at the same meeting, the Committee decided that the question of its programme of work should be left to the Bureau, which with the assistance of the secretariat, would present proposals to the Committee. 2/

5. At its meeting in Geneva on 1 August 1997, the Bureau considered the question of the Committee's rules of procedure and identified efficient time management, facilitation of the debate and reinforcement of regional representation (i.e., effective use of regional spokespersons) as the criteria necessary for the conduct of the Committee's meetings. The Bureau was generally of the opinion that, while the rules of procedure of the Governing Council should largely govern the work of the Committee, the rules pertaining to the powers of the Chairman could be modified for the purpose of the Committee to meet the above-mentioned criteria. The secretariat was requested to provide proposals for consideration of the Bureau at its next meeting.

6. The rules of procedure of the Governing Council provide the President (and, hence, the Chairperson of the High-level Committee) with sufficient powers to control the proceedings of meetings, direct the course of discussions and use available time efficiently. 3/ These powers are, at each session, exercised with the concurrence of the Governing Council or Committee.

7. On the issue of spokespersons for regional groups, it is highly unusual to regulate it by the rules of procedure, since any regulation of that kind would infringe upon the sovereign right of a State to express its position individually. It is suggested that the matter be left with Governments to decide on in the context of each individual session, or among groups. Overall, it is a matter of how the Chairperson conducts the business on the basis of the powers already accorded to him in the rules of procedure. In practice, the Chairperson might accord precedence to the spokespersons of regional groups, as appropriate, but it does not have to be spelled out in the rules of procedure.

8. With regard to the modalities of the work of the High-level Committee specifically set out in Governing Council decision 19/32, it is understood that certain provisions of the rules of procedure of the Governing Council are modified as they relate to the work of the Committee. The rules that correspond to the relevant paragraphs of the decision are:

1/ See the report of the High-level Committee on the work of its first meeting (UNEP/HLC/1/5), para. 37.

2/ Ibid., para.41.

3/ See, in particular, rules 32 (Powers of the President), 34 (Speeches) and 37 (Time-limit on speeches) of the rules of procedure.

(a) Rule 68 (Participation of specialized agencies, the International Atomic Energy Agency, United Nations bodies and other intergovernmental organizations). Paragraph 3 of decision 19/32 states:

> "That the European Community and other regional intergovernmental economic organizations may attend the meetings of the Committee";

(b) Rule 18 (Elections of officers) and paragraph 3 of rule 62 (Elections of officers of a subsidiary body). Paragraph 4 of decision 19/32 states:

> "That the High-level Committee of Ministers and Officials shall elect from amongst its members a Chairperson, three Vice-Chairpersons and a Rapporteur";

(c) Rules 1 (regular sessions), 4 (place of regular sessions) and 5 (special sessions). Paragraph 5 of decision 19/32 states:

> "That the High-level Committee of Ministers and Officials shall meet at least once a year in Nairobi. Meetings of the Committee may be convened elsewhere by its Chairperson, in consultation with its Bureau, in connection with major international environmental meetings";

(d) Rule 29 (duties of the secretariat). Paragraph 6 of decision 19/32 states:

> "That the report of the meetings of the High-level Committee of Ministers and Officials shall be made immediately available to all members of the United Nations Environment Programme";

(e) Paragraph 1 of rule 62 provides for the basis of the establishment of the High-level Committee and governs the relationship between the Governing Council and the High-level Committee as contained in paragraph 11 of decision 19/32, which states:

> "That the High-level Committee of Ministers and Officials (...) shall be accountable to the Governing Council and will submit reports on [its] work at each session of the Governing Council";

(f) Rule 28 (duties of the Executive Director). Paragraph 13 of decision 19/32 states:

> "That the secretariat shall provide documentation and information related to the meetings of the High-level Committee of Ministers and Officials (...) four weeks in advance of the meeting in question".

CONCLUSION

9. In the light of the foregoing, it may be concluded that it is not necessary to modify the rules of procedure of the Governing Council as a whole, except to the extent indicated above and as clarified below. The

rules of procedure may therefore be used, mutatis mutandis, as the rules of procedure of the High-level Committee, bearing in mind the relevant provisions of Governing Council decision 19/32 as indicated above.

10. In addition, the following provisions of the rules of procedure are not relevant to the work of the Committee:

(a) Rules 5, 6 and 14 (special sessions);

(b) Rules 16 and 17 (representatives and credentials);

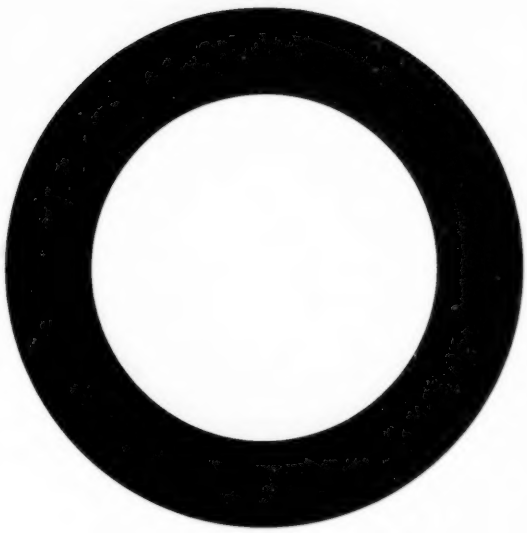
(c) Rule 30 (estimates of expenditures);

(d) Rule 26 (Executive Director's functions in relation to the Governing Council); and

(e) Rules 13, 59-62 (allocation of items, sessional committees, working parties and subsidiary organs).

11. It should be recalled that the Governing Council, in paragraph 12 of decision 19/32, gave the High-level Committee the authority to adopt its own rules of procedure but did not require it to do so. The rules of procedure of the Governing Council have been repeatedly used and tested and been proved an effective instrument to direct the conduct of business of the Governing Council and its various subsidiary bodies.

12. It may be concluded that this minimalist approach is satisfactory as a temporary and transitional measure. Any modifications to the rules of procedure should be considered only when there is sufficient evidence that certain provisions of the rules of procedure impede the effective functioning of the High-level Committee, given its desired informal nature and particular character and needs. Such modification might require, inter alia, the simplification, deletion or modification of, for example, rule 63, concerning languages; rules 67-69, regarding observers, rules 18 and 19, concerning the length of the Bureau's term, and rule 66 on whether its meetings are held in public or in private. In that event, clear guidance on the changes would have to be given, either by the Bureau, or by a subcommittee set up for the purpose, or by the High-level Committee itself.



UNITED
NATIONS

EP

United Nations
Environment
Programme

Distr.
GENERAL

UNEP/HLC/2/INF/3
17 October 1997

ENGLISH ONLY

HIGH-LEVEL COMMITTEE OF
MINISTERS AND OFFICIALS
Second meeting
Nairobi, 17-18 November 1997

IMPLICATIONS OF THE OUTCOME OF THE SPECIAL SESSION OF THE GENERAL ASSEMBLY FOR THE FUTURE WORK OF THE UNITED NATIONS ENVIRONMENT PROGRAMME

Note by the Executive Director

INTRODUCTION

1. The special session of the General Assembly for the purpose of an overall review and appraisal of the implementation of Agenda 21 was held in New York from 23 to 27 June 1997. A significant number of heads of State or Government as well as ministers of environment were present during the session. In its resolution 51/181 of 16 December 1996, the General Assembly decided that the Commission on Sustainable Development at its fifth session, held from 8 to 25 April 1997, as well as the Commission's Ad Hoc Open-ended Inter-sessional Working Group, held from 24 February to 7 March 1997, would be devoted to the preparations of the special session.

2. The special session adopted a political declaration, 1/ representing a renewal of political commitment to sustainable development at the highest political level. It acknowledged that a number of positive results had been achieved in several social, economic and environmental components of sustainable development since Rio. Some progress had been made in terms of institutional development, international consensus-building, public participation and private sector actions, and in curbing pollution and slowing the rate of resource degradation.

1/ Editor's note: At the time of preparation of this note, the final versions of the political statement and the final document of the special session were not yet available and references and quotations, accordingly, are taken from the advance unedited text.

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3. It emphasized that, given the accelerating pace of the globalization process, the persistence of poverty, unemployment and violent conflicts, the growing gap between developed and most developing countries, and the continued deterioration of the environment, the comprehensive implementation of Agenda 21 as a programme of action for achieving sustainable development worldwide remained vitally important and was even more urgent now than ever. It reaffirmed that all the principles contained in the Rio Declaration on Environment and Development, in Agenda 21 and in the Forest Principles continued to guide the international community in this comprehensive implementation.

4. The political declaration confirmed the role of the Commission on Sustainable Development as a central forum within the United Nations system for the integration of economic, social and environmental dimensions of sustainability. It also reaffirmed the United Nations Environment Programme (UNEP) as the principal United Nations body in the field of environment and pledged to strengthen its standing and to reform it to become the leading authority in that field.

I. INTERNATIONAL INSTITUTIONAL ARRANGEMENTS

5. Section D of the final document of the special session, 1/ concerning international institutional arrangements, is of particular relevance to the High-level Committee of Ministers and Officials. In it, the General Assembly reconfirmed the role and mandate of UNEP as a leading environmental agency in the United Nations system. The specific issues of direct interest to the Committee are contained in paragraphs outlining, first, the role and mandate of UNEP; second, relations with the conventions signed at Rio or as a result of the United Nations Conference on the Environment and Development; and, third, the division of work with the Commission on Sustainable Development.

6. According to the final document, the General Assembly at its special session reconfirmed the role of UNEP as the principal United Nations body in the field of environment, in conformity with Agenda 21 and the Nairobi Declaration, stating: "UNEP is to be the leading global environmental authority that sets the global environmental agenda, promotes the coherent implementation of the environmental dimension of sustainable development within the United Nations system, and serves as an authoritative advocate for the global environment". In addition, the Assembly took note of Governing Council decision 19/32 of 4 of April concerning governance. It also underlined that the revitalized UNEP should be supported by adequate, stable and predictable funding.

7. As far as the international conventions are concerned, the General Assembly noted that "at the international and national levels there is a need for, inter alia, better scientific assessment of ecological linkages between the conventions; identifications of programmes that have multiple benefits; and enhanced public awareness-raising for the conventions. Such tasks should be undertaken by UNEP in accordance with the relevant decisions of the Governing Council and in full cooperation with the conferences of parties to and governing bodies of relevant conventions". The General Assembly also recommended that "the role of UNEP in further development of international environmental law should be strengthened, including the development of

coherent interlinkages among relevant environmental conventions in cooperation with their respective Conferences of the Parties or governing bodies. In performing its functions related to Conventions signed at Rio or as a result of it and other relevant conventions, UNEP should strive to promote the effective implementation of these conventions in a manner consistent with their provisions of the respective conventions and the decisions of their respective Conferences of Parties."

8. The Assembly also drew attention to the relationship between UNEP and the Commission on Sustainable Development and recommended that UNEP should continue providing effective support to the Commission, inter alia, in the form of scientific, technical and policy information, analysis and advice on global environmental issues. On the other hand, the Commission, while conducting high-level policy debate aimed at consensus-building on sustainable development, should continue to complement and provide interlinkages to the work of other United Nations agencies and bodies acting in the field of sustainable development. The Commission should promote policies that integrate economic, social and environmental dimensions of sustainability and should provide for integrated consideration of linkages both among sectors and between sectoral and cross-sectoral aspects of Agenda 21.

9. The High-Level Committee may wish to consider necessary actions to be undertaken to respond to the recommendations of the General Assembly, including the implementation of the Nairobi Declaration and the recommendation of the Assembly concerning the role of UNEP.

10. Such actions could include consideration of the role of UNEP as the leading global environmental authority and agenda-setter, including its normative and analytical functions, as envisaged by the Assembly at its special session and by the Governing Council in the Nairobi Declaration. The Committee could also consider modalities for the strengthening of UNEP, to ensure that it can play this role effectively, including consideration of the financial resources necessary for this purpose. The Committee may also wish to identify specific aspects of the newly focused role and mandate at subsequent meetings in the context of the strengthening of UNEP. These aspects could include the relationship of UNEP with environmental conventions and the scientific assessment of interlinkages between Conventions, as highlighted by the Assembly in section D of the final document: "International institutional arrangements".

11. In reviewing the outcome of the special session as it relates to programme areas in which UNEP is mandated to act, the Committee may wish to note that the 1998-1999 biennial programme of work adopted by the Governing Council at its nineteenth session largely includes all relevant programme areas identified by the General Assembly.

II. ISSUES IN CONNECTION WITH WHICH SPECIFIC MENTION IS MADE OF UNEP

12. Although a general understanding was reached among Member States that specific United Nations agencies and programmes would not be mentioned in the areas requiring urgent action, some paragraphs of the final document underline the role of UNEP, in particular with regard to:

(a) Trade and environment;

(b) Negotiations on an international legally binding instrument on prior informed consent (PIC) and on persistent organic pollutants (POPs), in the section concerning toxic chemicals;

(c) Cooperation among the implementing agencies of the Global Environment Facility (GEF);

(d) Cooperation among various agencies for the creation of centres for the transfer of technology;

(e) Cooperation with the Commission on Sustainable Development on the implementation and application of the principles contained in the Rio Declaration.

III. ASSESSMENT OF PROGRESS SINCE RIO

13. The assessment of progress made since the United Nations Conference on Environment and Development, and, in particular, with regard to the environmental component of sustainable development, is largely based on the findings of the UNEP Global Environment Outlook series, in which attention is drawn to the deterioration of the global environment. This section of the final document also analyses institutional achievements following Rio and efforts made by national Governments and international organizations to integrate environmental, economic and social objectives into decision-making processes, as well as the role played by major groups since the Rio Conference. The document makes a critical assessment of progress in the implementation of the Rio commitments, in particular, with regard to the means of their implementation.

IV. AREAS REQUIRING URGENT ACTION

14. Section C, on implementation in areas requiring urgent action, is of direct relevance to future priorities in the UNEP work programme. The programme priorities agreed by the Governing Council of UNEP at its nineteenth session for the 1998-1999 Environment Fund programme illustrate that, while all relevant programme areas are included, the High-level Committee of Ministers and Officials might identify areas where additional resources may be required to respond to the decisions of the General Assembly.

A. Cross-sectoral issues

15. The integration of economic, social and environmental objectives relates, inter alia, to the issue of changing consumption and production patterns, which is one of the principal environmental challenges identified in the UNEP work programme for 1996-1997. The final document reconfirms the findings of Agenda 21 that unsustainable patterns of production and consumption constitute a major cause of the continued deterioration of the global environment. The document lists eco-efficiency, cost internalization

and product policies among the tools which can make consumption and production patterns more sustainable. Several actions recommended in that area are already being undertaken by UNEP, particularly in the cleaner production programme and its work with the industrial community.

16. In its decision on ways of making trade and environment mutually supportive, the final document recognizes that cooperation and coordination between the United Nations Conference on Trade and Development (UNCTAD), the United Nations Industrial Development Organization (UNIDO), the World Trade Organization (WTO), UNEP and other relevant institutions should be strengthened on various issues. UNEP is committed to playing a more active role in that area, in order to enhance the environmental dimension of the trade discussions.

17. The High-level Committee of Ministers and Officials may wish to analyse the implications of those recommendations of the special session on cross-sectoral issues in order to ensure that their respective priority is more appropriately reflected in the UNEP programme of work.

B. Sectoral issues

18. A large number of sectoral issues discussed in the final document fall directly within the work programme of UNEP. Although UNEP is not specifically mentioned in the text, the following sectoral issues identified by the General Assembly, in line with the provisions of Agenda 21, can be considered as main priorities for the UNEP work programme: fresh water, oceans and seas, toxic chemicals, hazardous wastes, desertification and drought, and biological diversity. Additionally, energy and sustainable tourism are identified as new priorities (Agenda 21 does not contain separate chapters on those issues). These are addressed in UNEP largely within the sustainable production and consumption programme. The involvement of UNEP in other priority areas identified by the special session, such as atmosphere, transport, radioactive waste, land and sustainable agriculture and natural disasters is limited in scope, because of the increased focus of the programme and financial constraints. The Committee may wish to assess the adequacy of budget appropriations as approved by the Governing Council at its nineteenth session, in the light of the recommendations of the special session.

19. The final document attaches considerable importance to the areas of fresh water and oceans and seas. The Assembly agreed, inter alia, that regional and international cooperation for technology transfer and financing of integrated water resource programmes and projects should be strengthened. Water should be recognized as a social and economic good and its economic valuation should be seen in an economic and social context. The capabilities of Governments, as well as of the international institutions, to collect and manage information to facilitate the integrated assessment and management of water resources should be strengthened. The Assembly also called for a dialogue under the auspices of the Commission on Sustainable Development, beginning at its sixth session, aimed at building consensus on the necessary actions to initiate a strategic approach for the implementation of all

aspects of the sustainable use of fresh water for social and economic purposes, including, inter alia, safe drinking water and sanitation, water for irrigation, recycling and waste water management, and the important role played by fresh water in natural ecosystems.

20. Given its mandate and expertise in addressing water issues at regional and subregional levels, as well as its scientific and technical capabilities and mandate in that area, UNEP is in a position to play a significant role in providing the environmental dimension of that discussion, under the auspices of the Commission on Sustainable Development. The integrated approach taken by UNEP to water issues provides an important perspective in that process.

21. In its discussion of the issue of oceans and seas, the final document emphasizes, inter alia, the need for the improvement of quality and quantity of scientific data as a basis for effective decisions related to the protection of the marine environment and the conservation and management of marine living resources.

22. The High-level Committee of Ministers and Officials may wish to consider modalities for the strengthening of UNEP capacities related to water issues, given the prominence which these have been accorded by the special session.

23. In its consideration of the issues of toxic chemicals, hazardous wastes, biological diversity and desertification and drought, the final document encourages the further development of the efforts already undertaken by the international community in those areas. Additionally, the document recommends the rapid completion of the biosafety protocol under the Convention on Biological Diversity, on the understanding that the UNEP International Guidelines for Safety in Biotechnology may be used as an interim mechanism during its development.

24. The High-level Committee of Ministers and Officials may wish to reflect upon two priority areas discussed in the final document which were not directly addressed in Agenda 21 and in which UNEP has been active for some time. These are energy and sustainable tourism.

25. On the issue of energy, the High-level Committee of Ministers and Officials may wish to consider the response of UNEP to that priority area and to make relevant recommendations concerning the development of a clearing-house mechanism under the United Nations Framework Convention on Climate Change, while building on UNEP expertise in the Cleaner Production and OzonAction initiatives. The development and establishment of such a clearing-house mechanism would necessitate the commitment of additional human and financial resources.

26. The Commission on Sustainable Development was requested to develop an action-oriented international programme of work on sustainable tourism in cooperation with a number of international bodies, including UNEP. The High-level Committee of Ministers and Officials may wish to note that, if furnished with the necessary legislative authority and adequate resources, UNEP would be in a position to strengthen its awareness-building programme in this area, to develop and promote technical and policy guidelines and to

undertake relevant capacity-building initiatives, thus assisting in making tourism more sustainable. Strengthening of UNEP activities in this area would have additional financial implications.

V. MEANS OF IMPLEMENTATION

27. The consideration, in the final document, of means of implementation and, in particular, its paragraphs dealing with transfer of environmentally sound technologies, are of direct relevance to the UNEP work programme. Specific mention is made of UNEP in the paragraph concerning the creation of centres for the transfer of technology at various levels. Relevant United Nations bodies, including UNEP, are encouraged to cooperate in efforts to facilitate that task. The further enhancement of global electronic information and telecommunication networks, so as to enable countries to choose among the available technological options is also recommended. In addition, the final document recommends that increased efforts be made to strengthen scientific evidence related, inter alia, to the environment and sustainable development and to make this evidence accessible to developing countries, and also recommends increased efforts to build scientific and technological capacity in those countries.

28. The High-level Committee of Ministers and Officials may wish to reflect upon the further strengthening of the potential of UNEP in environmental information dissemination, including through electronic means, in the light of the recommendations of the special session.

UNITED
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Governing Council
of the United Nations
Environment Programme

Distr.
GENERAL

UNEP/HLC/2/INF/4
17 October 1997

ORIGINAL: ENGLISH

HIGH-LEVEL COMMITTEE OF
MINISTERS AND OFFICIALS
Second meeting
Nairobi, 17-18 November 1997
Item 5 of the provisional agenda *

STABLE, ADEQUATE AND PREDICTABLE FUNDING FOR THE UNITED NATIONS ENVIRONMENT PROGRAMME

Note by the Executive Director

INTRODUCTION

1. The high expectations raised by the United Nations Conference on Environment and Development for new and additional resources to implement the Environment Fund programme have not been met. Instead of increased revenues, the United Nations Environment Programme (UNEP) is seeing its resources shrink and witnessing the apparent inability of Governments to increase or maintain the levels of their voluntary contributions.

2. Direct financial support to UNEP from the United Nations regular budget has been reduced substantially, from $11 million in the biennium 1994-1995 to $7.4 million in 1996-1997, as a result of the establishment of the United Nations Office at Nairobi. Moreover, in relation to the Environment Fund, the share of regular budget contributions declined from 26.7 per cent in 1973 to 8 per cent in 1996, while total contributions to the Environment Fund dropped from $63.7 million in 1992 to $45.5 million in 1996.

3. Although some countries have recently begun contributing to the Environment Fund, as evidenced at the pledging session held at the nineteenth session of the UNEP Governing Council, and some have increased their contributions, a few major donors have substantially reduced theirs.

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All in all, Governments did not meet their collective commitment to finance the significantly reduced programme budget for 1996-1997 approved by the Governing Council at its eighteenth session.

4. In addition, from the beginning of 1997, UNEP was faced with a continuous threat of serious cash-flow shortages. The instruction of the Governing Council that the cash carry-over should be kept to a minimum, together with the tendency for voluntary contributions only to be pledged or paid well after the start of the year, had brought the organization to the edge of bankruptcy. In order to keep the machinery intact, programme delivery had to be delayed.

5. At its nineteenth session, the Governing Council, in January and February 1997 had no choice but to scale down the 1996-1997 programme budget from $90 million to $63.5 million and the management and administrative support costs budget from $41.9 million to $33.9 million. It also noted that, at the request of the Governing Council, the Executive Director had eliminated the practice of cash carry-overs from one biennium to another and that the financial reserve was now insufficient to meet the cash needs of the organization in the early months of the year. It authorized the Executive Director to maintain a sufficient cash carry-over to retain the necessary working capital to initiate the implementation of the Fund programme, and urged Governments to pledge and pay their pledges early. 1/

6. Hence, with respect to the biennium 1996-1997, the Governing Council originally agreed that UNEP would receive and spend $136.9 million and that the organization could afford to work without a cash carry-over. During the biennium, however, the reality was that total contributions dropped by about 30 per cent, and many payments were late, or pledged late, leading to serious cash-flow problems.

7. It is noteworthy that, in the same period, earmarked contributions continued to increase. In 1996, trust fund contributions and counterpart contributions accounted for more than half of the income of UNEP.

8. In the light of its growing financial uncertainties and constraints, UNEP decided to develop a 1998-1999 work programme budget for $75 million (plus programmes for an additional $15 million and $30 million, if funds become available), while leaving the support budget at the level of $27.5 million.

9. In its decision 19/22, the Governing Council expressed full support for the proposed 1998-1999 work programme and its related budget of $75 million, as well as the proposed 1998-1999 support cost budget of $27.5 million and programme reserve budget of $5 million. It agreed that the Executive Director could also plan for an additional $15 million per year ($30 million for the biennium).

10. Governments have consistently demanded and supported a strengthened and focused UNEP in keeping with the evolving circumstances and needs. Agenda 21 mandated that UNEP should strengthen its catalytic role in a widening sphere of activities aimed at protecting and improving the environment. The

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1/ See Governing Council decision 19/22.

Governing Council, the international community and non-governmental organizations all support a strengthened UNEP that would be fully capable of delivering its new, integrated and results-oriented programme. The efforts undertaken by UNEP to focus its work and make it more effective has received commendation from the United Nations Office of Administration.

11. The Governing Council's recent decisions 19/1 and 19/32 on the role, functions and governance structure of UNEP will help ensure that the organization will have its proper niche in the streamlined and reorganized United Nations system that is expected to emerge as a result of the ongoing United Nations reform process, which the General Assembly will review later this year and in 1998.

12. Despite this full-fledged support for what UNEP is, plans to do and requires financially in 1997 and a repeated call for the further strengthening of UNEP by both the Governing Council and the General Assembly at its special session, the secretariat is again preparing for a lower level of income in 1998-1999. Expectations with respect to voluntary contributions and the experience of last biennium warrant such an approach.

13. It is clear that something is wrong or missing in the link between the approval of a work programme and its budget and the consequent readiness of the Governments that were parties to this approval to make their financial contributions to the Environment Fund and to do so on time.

14. At its nineteenth session, the Governing Council acknowledged that something had to be done and, in its decision 19/23, requested the Executive Director to explore, in consultation with Governments, ways and means to secure stable, adequate and predictable funding for UNEP.

15. Chapter I of the present report analyses the sources and trends of the funding of UNEP and chapter II highlights UNEP resource mobilization work.

I. SOURCES OF FINANCE

A. United Nations regular budget

16. General Assembly resolution 2997 (XXVII), which brought UNEP into existence, lays down that "the costs of servicing the Governing Council and providing the small secretariat ... shall be borne by the regular budget of the United Nations and that operational programme costs, programme support and administrative costs of the Environment Fund ... shall be borne by the Fund". The United Nations regular budget was expected to provide core support to UNEP, encompassing policy-making, executive direction and management of the programme of work. No clear-cut decision was made, however, on how the "small secretariat" was to be defined. In effect, the small secretariat evolved in response to programme development, which itself evolved in response to countries' needs and Governments' policy direction.

Table 8 2/ shows the annual contributions from the United Nations regular budget to UNEP during the period 1973-1996, and table 9 shows the trend of the declining percentages of regular-budget financing vis-à-vis financing from the Environment Fund over the same period. The proportion of regular budget to Environment Fund financing has fallen to a meagre 8 per cent in 1996 from 26.7 per cent in 1973.

17. The UNEP secretariat has remained small, in line with General Assembly resolution 2997 (XXVII), and in keeping with its catalytic and coordinating role. For several individual programme areas that could be the focus of entire organizations elsewhere, the UNEP secretariat has just one senior officer responsible. Yet, the range and depth of environmental activities that UNEP has to pursue have increased as a result of the expressed wishes of Governments and in response to countries' needs. Similarly, since the United Nations Conference on Environment and Development, Governments, non-governmental organizations and individuals have come to expect steadily more in terms of the delivery by UNEP of programme services and products. The challenges of policy development, executive direction and programme management have become more complex and demanding.

18. Against this background, the United Nations regular budget has been financing only a small fraction of the UNEP secretariat costs, including the support provided to UNEP by the United Nations Office at Nairobi. It no longer meets the costs of the essential catalytic and coordinating programme functions of UNEP. The number of regular-budget-financed posts in UNEP has fallen to 40 (21 Professionals and 19 General Service) in 1997. In the biennium 1998-1999, the number of posts to be financed from the regular budget is expected to be 36 (21 Professionals and 15 General Service).

19. In view of the unique catalytic and coordinating role of UNEP in environmental policy and programming vis-à-vis the rest of the United Nations system, the regular budget should, in principle, cover a sizeable part of the costs related to the exercise by UNEP of its oversight and service functions. Regular budget funding realities have, however, evolved in such a manner that the Environment Fund has had to bear the brunt of financing the small UNEP secretariat. This situation is not likely to change in the near future.

20. UNEP is mainly engaged in activities of global and regional environmental significance, and providing services to Governments and the United Nations system. It does not characteristically have country-by-country projects, involving technical cooperation or investments. Therefore, UNEP staffing and overhead costs, as a proportion of its operational costs, cannot be comparable to those for an executing agency of the United Nations with a sizeable portfolio of field projects.

2/ Editor's note: The tables referred to in this document are to be found as attachments to the report of the Executive Director on stable, adequate and predictable financing of the United Nations Environment Programme (UNEP/HLC/2/3).

B. Environment Fund

21. Voluntary contributions from Governments to the Environment Fund have been the main source of funding for UNEP. General Assembly resolution 2997 (XXVII) established the Environment Fund "in order to provide additional for financing for environmental programmes". UNEP uses the Fund flexibly to deliver the approved work programmes and achieve institutional objectives. Table 10 shows the total annual contributions to the Environment Fund during the period 1973-1996. The sum total of these contributions has declined steadily since 1993. For example, contributions dropped from $58 million in 1995 to $47.7 million in 1996. The sources of this decline are shown in table 11 ("Actual contributions to the Environment Fund: 1990-1997"), which also indicates the pledges received from countries for 1997-1999. Table 13, ("Evolution of contributions to the Environment Fund: 20 major donors: 1990-1996") illustrates the trend of contributions to the Environment Fund of the 20 largest donor countries. Table 14 illustrates the pattern of relative contributions to the Environment Fund from 20 major donors in 1995 and 1996.

22. The trend in the number of countries contributing to the Environment Fund over the period 1973-1997 is reflected in table 15. Despite the fact that the number of United Nations member countries has significantly increased over the last 15 years, the number of contributors to the Environment Fund has not. In 1980, 90 countries contributed to the Environment Fund; so far in 1997, only 71 countries have done so. Over 90 per cent of the total contributions to the Fund comes from only 15 countries. The decision of even a few of the major contributing countries to substantially reduce their contributions can have, and has had, a crippling effect on the implementation of the approved work programme, the planning of UNEP work, and its institutional viability. Thus, the programme budget for 1996-1997 has had to be reduced by over 30 per cent in the light of unforeseen reductions in voluntary contributions. The regional distribution of government contributions to the Environment Fund and yearly changes in it over the period 1990-1997 are shown in table 16. Except for the Africa and Asia and Pacific regions, the number of contributing countries has been falling or remaining unchanged in all regions since 1995. In Europe, 28 countries contributed to the Environment Fund in 1991 and 1992, whereas in 1997 only 22 countries did so. In Latin America and the Caribbean 15 countries contributed in 1995, whereas only six did so in 1997.

23. The overall levels of the UNEP programme budget are established by its Governing Council. By agreeing on a certain programme-budget level, Governments not only indicate that they consider that level to be a realistic revenue projection for the organization for the relevant biennium, but that they also commit themselves collectively to ensure that their voluntary contributions would meet the target set for the programme budget.

24. Governments make payments into the Environment Fund at their convenience. UNEP cannot commit, or spend, funds that have not been paid. The time-lags between a pledge and actual payment can be very significant. The organization needs to have measures in place which could cover at any time the risk of a cash shortfall, such as the one it is currently facing. The authorization given by the Governing Council, in its decision 18/41 B, "to increase gradually the level of the financial reserve to 20 million

dollars by 1999" should assist the Executive Director in preventing or overcoming a serious cash-flow problem. In the absence of higher levels of contributions, however, such an increase in financial reserve can only be implemented by the programme further. Assurance of adequate levels funding and greater predictability in the timing and levels of funding remain therefore essential prerequisites for effective programming and delivery of UNEP services and products to countries, institutions and communities.

25. There is a real risk that with growing responsibilities of Governments to pay assessed or quasi-assessed contributions for the implementation of new and emerging environmental agreements and to multilateral development bodies, their voluntary contributions to the Environment Fund would be considered as of secondary or lower priority. This tendency may be reflected to some extent in the dramatic growth in the number of and contributions to trust funds in UNEP, and in the relative decline of contributions to the Environment Fund. This is illustrated in table 17 and 18, on yearly evolution of UNEP financing by source of funding: 1973-1996, and evolution of UNEP financing by source of funding: 1973-1997 (percentages), respectively.

26. While unearmarked voluntary contributions have played a central role in financing the programme budget, their main shortcomings have been their unpredictability, shortfalls and late delivery. Donor countries are usually unable to make advances or pledges covering more than one year, owing to national legislative considerations. In addition, changes in national policies or priorities can cause discontinuance or curtailment of funding of previously approved programmes. Furthermore, contributions made to UNEP late in the year cannot always be disbursed in the same year. As a result, the full programme for the year may not be implemented, and the attendant cash carry-overs may give the wrong impression that UNEP is unable to disburse funds efficiently, or to implement programme activities on schedule.

C. Trust funds

27. UNEP administers three types of trust funds:

(a) General purpose trust funds, which are established to support activities carried out by convention secretariats and supplementary programme activities;

(b) Technical cooperation trust funds (General), under which technical assistance is provided to developing countries, particularly for capacity-building; and

(c) Technical cooperation trust funds (Personnel), which finance Junior Professional Officers (JPOs) or other officers assigned to UNEP by individual donor countries.

28. Trust-fund contributions are earmarked for specific purposes by donors. They finance programmes relating to the implementation of, for example, environmental conventions, protocols and agreements and activities supplementary to the approved Environment Fund work programme. They often have a different governing structure than that of the Environment Fund. Trust Funds can be bilateral or multilateral. Trust funds resulting from

international agreements are generally multilateral funds with separate secretariats. Each such trust fund is identified as a distinct source of funding for the agreed corresponding activities. Their resources are managed and accounted for separately.

29. Table 19 illustrates the growth in the number of trust funds. Table 20 shows the trends in the contributions to trust funds over the period 1973-1996, excluding the Multilateral Fund for the Implementation of the Montreal Protocol on Substances that Deplete the Ozone Layer. Since UNEP serves only as Treasurer to the Multilateral Fund, contributions to it are excluded in the discussion below, unless otherwise indicated.

30. During its first five years, UNEP administered only one trust fund in 1996, it administered 68 separate trust funds. The total contribution to Trust Funds increased from $300,000 in 1978 to $40 million in 1996. The ratio of funds received by UNEP through Trust Funds to those received by it through the environment fund increased exponentially from 1.1 per cent in 1978 to 16.2 per cent in 1987 and to 83.77 per cent in 1996, a pattern illustrated in table 21.

31. Four main factors are at work behind the significant increase in the number of and contributions to trust funds:

(a) A perceptible trend among donors to earmark their contribution towards multilateral environmental activities, and give prior claim to those contributions which are of the assessed kind;

(b) The growing number of conventions and treaty secretariats administered by UNEP;

(c) The growing number of staff seconded to the UNEP secretariat and paid for under bilaterally established technical cooperation trust funds for personnel; and

(d) The increased number of technical cooperation activities implemented by UNEP which are financed under trust funds.

32. Trust funds have been used also to supplement the resources available to implement those programme activities which are of particular interest to a Government or a group of Governments. This has, inter alia, raised questions concerning the influence that such contributions might bring to bear on programme balance and priorities, which are set by the Governing Council, and on the modalities of their implementation.

D. Counterpart contributions

36. Counterpart contributions are made in cash or in kind by Governments, United Nations agencies and organizations to meet the costs of activities, services and facilities for individual projects. They are earmarked contributions that are meant to represent additional resources over and above the contributions made to the Environment Fund and conventions, protocols, and trust funds. Since funds available for counterpart contributions from Governments are not specifically reserved for UNEP in national budgets, specific competitive fund-raising for such resources is necessary. In the

face of a shortfall in resources available to implement the programme, UNEP has actively sought to mobilize counterpart contributions for specific programme activities. To date it has succeeded in raising about $8 million through this avenue. The trends in total counterpart contributions, and as a percentage in relation to the Environment Fund resources during 1973-1996 are reflected in table 22 and 23, respectively. Counterpart contributions increased from $1.5 million in 1982 to $10.17 million in 1996. These cover both project-related and other activities. As a percentage of the resources of the Environment Fund they increased from 4.9 per cent in 1982 to 22 per cent in 1996.

37. While financial resources to complement general contributions to the Environment Fund are very welcome, such resources should not undermine the balanced implementation of the UNEP work programme. Further, they should not cause undue pressures on programmatic and organizational coherence and integrity of UNEP.

E. Conclusion

38. Summary table 24, on yearly contributions to UNEP by source of funding, depicts the trends over the period 1973-1996 in absolute and relative contributions to funding UNEP under the Environment Fund, trust funds, counterpart contributions and the United Nations regular budget. The predominant picture that emerges is as follows: the regular budget has lowered its profile in funding UNEP, amounting to 8 per cent in relation to the Environment Fund in 1996; its relative magnitude was 26.7 per cent in 1973. The trust funds have exponentially raised their profile in relation to the Environment Fund and their total level is now 83.8 per cent of that of the Environment Fund money. The level of counterpart contributions, which played no role at all in UNEP financing until 1981, totalled over 24 per cent of the level of contributions to the Environment Fund in 1996. Earmarked contributions (i.e., trust fund and counterpart contributions combined) totalled about 29 per cent more than the contributions made to the Environment Fund in 1996.

II. RESOURCE MOBILIZATION

44. Against the background of falling financial resources and growing demands for enhanced programme delivery, UNEP was called upon to establish a mechanism to better coordinate and direct its fund-raising activities. There were also suggestions to develop specific fund-raising plans:

(a) To expand the donor base and at the same time solicit increased support from current donors, particularly by way of earmarked contributions;

(b) To expand counterpart funding from intergovernmental organizations, regional development banks, bilateral agencies, non-governmental organizations as well as from the private sector, and from supplementary income-generating activities; and

(c) To build stronger partnerships in key programme areas with other agencies and bodies in the United Nations system, including the organization of joint fund-raising activities.

45. Correspondingly, UNEP established a Resource Mobilization Unit and prepared and distributed to Governments the Resource Mobilization Strategy for 1996-1997. The Strategy included the following principal elements:

(a) Replenishing the Environment Fund, as first priority, targeting Governments and major partners;

(b) Developing and mobilizing in-house capacity for resource mobilization; and

(c) Enhancing collaboration with the private sector.

46. UNEP is implementing the agreed resource mobilization strategy. Some countries have provided assurances that they would contribute for the first time to Environment Fund. However, while earmarked contributions have been raised on a small scale for a few programme activities, additional contributions to the Environment Fund, or other sources of financing the work programme have not yet materialized even at this late stage in the biennium 1996-1997. UNEP's efforts to raise awareness of its financing problem, to provide relevant information on the programme, to develop proposals that simultaneously meet programme and donor countries' priorities, and to solicit voluntary and other contributions to finance specific project proposals, are continuing. Based on an assessment of their priorities, UNEP has submitted a range of project proposals to several donor countries for earmarked contributions. Actual mobilization of funding so far from this effort has been modest. All in all, it is clear that new approaches and a new system for the funding of UNEP has to be developed and agreed upon, if the present problems and trends are to be overcome and reversed.

UNITED
NATIONS

EP

United Nations
Environment
Programme

Distr.
GENERAL

UNEP/HLC/2/INF/5
17 October 1997

ENGLISH ONLY

HIGH-LEVEL COMMITTEE OF
MINISTERS AND OFFICIALS
Second meeting
Nairobi, 17-18 November 1997
Item 4 of the provisional agenda*

UNEP REFORM IN THE CONTEXT OF UNITED NATIONS REFORM

Note by the Executive Director

INTRODUCTION

1. There have been a number of significant developments over the last year that have increasingly brought attention to bear on the question of the reform of the United Nations Environment Programme (UNEP). These include the nineteenth session of the Governing Council, which, in its Nairobi Declaration, adopted seminal decisions on the role and mandate of UNEP and the establishment of the UNEP High-level Committee of Ministers and Officials, as part of a strengthened governance structure. In addition, in July 1997, the Secretary-General issued his report "Renewing the United Nations: programme for reform" (A/51/950) which provides a perspective for the further reform and restructuring of UNEP. At its special session for the purpose of an overall review and appraisal of the implementation of Agenda 21, held in New York from 23 to 27 June 1997, the General Assembly provided further elements upon which UNEP reform can be predicated.

2. At the first meeting of the UNEP High-level Committee of Ministers and Officials, member Governments expressed a strong view that the question of UNEP reform should be placed on the agenda of the Governing Council and its subsidiary bodies, to provide for a focused discussion of the issue. Accordingly, the Bureau of the Committee placed the question of reform of UNEP on the agenda of the Committee's second meeting.

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3. The present information note is intended to provide background information on the various issues associated with UNEP reform, so as to facilitate the Committee in its consideration of the issue.

I. REPORT OF THE SECRETARY GENERAL: "RENEWING THE UNITED NATIONS: A PROGRAMME FOR REFORM"

4. The Secretary-General's report, "Renewing the United Nations: a programme for reform" (A/51/950), aims to bring about unity of purpose, coherence of effort, and flexibility and agility in the response of the United Nations to the changing needs and expectations of the world community, while achieving strategic deployment of resources and cost-effectiveness. It provides insight into inter alia, how the reform and strengthening of UNEP should contribute to the further elaboration of the overall reform.

5. In paragraph 6 of his report, the Secretary-General notes that reform is a process and not an event, and that it should narrow the gap between aspiration and accomplishment. With respect to UNEP, this report states, in paragraph 179: it is most timely and necessary to take immediate steps to strengthen UNEP and Habitat, while considering the fundamental changes that may be required to clarify and focus their structures and functions within a reformed United Nations in the economic, social and development fields as well as to revitalize political and financial support for them". On that basis, the Secretary General will, in consultation with Governments, the Executive Director of UNEP and the Executive Director of the United Nations Centre for Human Settlements (UNCHS) (Habitat), develop new measures for strengthening and possibly restructuring the two organizations, taking into account their respective mandates, and will present his recommendations to the General Assembly at its fifty-third session.

6. The Secretary-General's report makes several observations which are germane to UNEP in the context of United Nations reform. Broadly, those observations relate to: UNEP governance; institutional coherence; programme focus; management and organization; and financing. This report is organized under those headings.

II. UNEP GOVERNANCE

7. At its nineteenth session, the Governing Council considered the issue of UNEP governance. By its decision 19/32, it established the High-level Committee of Ministers and Officials as a subsidiary organ, inter alia, to consider the international environmental agenda and to make reform and policy recommendations. The High-level Committee of Ministers and Officials complements the Committee of Permanent Representatives in facilitating the Council's work.

8. The reformed governance structure of UNEP should increase its efficiency, agility and responsiveness in identifying emerging global environmental issues, reviewing their bearing on development patterns, and providing policy guidance on global environmental matters and international environmental cooperation. It will enhance the capacity of UNEP, inter alia: to be the leading global environmental authority that sets the global environmental agenda; to enhance the coherence and harmonization of environmental activities within the United Nations system; and to provide a

forum for oversight in regard to the existing and emerging global and regional environmental conventions and their interrelationships. It will also enable UNEP to be "the environmental voice of the United Nations and the principal source of environmental input into the work of the Commission for Sustainable Development", as envisaged by the Secretary-General, in paragraph 176 of his report.

9. UNEP convenes regional environmental ministerial conferences (e.g., in Africa and Latin America) which keep regional and subregional environmental issues and trends under review and facilitate international cooperation to address them. They promote decentralized inter-country approaches to deal with major environmental challenges, including global ones, and complement the Governing Council's central policy guidance, priority-setting and coordinating role. Further elaboration of the United Nations reform measures should take into account the reformed governance structure of UNEP, including the part played in it by regional intergovernmental environmental bodies.

10. The Secretary-General's report proposes the streamlining and rationalization of the governing structures and bodies reporting to the Economic and Social Council. Its suggestion in paragraph 175 for "closer cooperation and interaction between UNEP and Habitat and between both entities and other departments, funds and programmes in the economic, social and development areas" will make more effective the policy guidance and programme priority-setting service of the Governing Council and the Commission for Human Settlements.

11. In paragraph 85 of his report, the Secretary-General proposes that the Trusteeship Council "be reconstituted as the forum through which Member States exercise their collective trusteeship for the integrity of the global environment and common areas, such as oceans, atmosphere and outer space". He also proposes that it should serve to link the United Nations and civil society in addressing these areas of global concern.

12. As the Secretary-General observes in paragraph 177 of his report, UNEP has helped bring into existence major global and regional environmental conventions, and it provides continuing support for their implementation. To achieve the strategic allocation of resources and programme synergy, Governments may wish to consider how the UNEP governance structure could facilitate the coordination and integration of the work of the growing number of global and regional environmental conventions. This process could take into account common thematic concerns, such as those relating to: capacity-building; reporting; scientific and policy research and its link to programme development; and the equitable sharing of implementation costs. A rationalization of the interrelationships between the conferences of the parties of major environmental conventions, and of their relationship with the UNEP Governing Council, should enhance the impact of UNEP.

III. INSTITUTIONAL COHERENCE

13. The Nairobi Declaration on the Role and Mandate of the United Nations Environment Programme, as adopted by the Governing Council in its decision 19/1 of 7 February 1997, focused the functions of UNEP to enhance institutional coherence and synergy of environmental action in the United Nations system, taking into account the growing consideration of the

environment in the programmes of United Nations and development bodies. The core elements of the focused UNEP mandate provide for strong UNEP linkages with international environmental conventions, the United Nations system, the scientific community, policy makers and civil society.

14. In its paragraph 177, the Secretary-General's report recognizes the role UNEP plays at the country level, as distinguished from its global and regional role. The former involves, inter alia: serving as a bridge between science and policy-making; promoting implementation of international environmental treaties and agenda; and maintaining interactions with national environmental organizations and agencies. The Nairobi Declaration similarly notes that UNEP core functions include, inter alia: provision of policy and advisory services in key areas of institution-building to Governments and other institutions; and promoting greater awareness and facilitating effective cooperation among all sectors of society and actors involved in implementing the international environmental agenda.

15. UNEP is not a development agency and does not maintain field offices at the country level. Furthermore, the capacities of development institutions, including the United Nations Development Programme (UNDP), to finance operational activities with environmental components have increased. In order to fulfil its core mandate, however, UNEP has to engage selectively in country-level activities to: provide policy advice and guidance; strengthen institutions; test and demonstrate promising approaches and guidelines; and promote cooperation among sectors and actors in implementing the international environmental agenda. As an implementing agency of the Global Environment Facility (GEF), UNEP plays a key role in the execution of projects at the country level, in keeping with its mandate and comparative advantage. UNEP will continue to strengthen its role in GEF, as an implementing agency, on the basis of its comparative advantage and expertise, and in accordance with the provisions of Governing Council decision 19/12 and the Nairobi Declaration. UNEP undertakes such activities to implement the programme, as approved by the Governing Council, in response to countries' needs and requests and in collaboration with UNDP, the World Bank and the United Nations system. This is central to UNEP being an effective team member and partner in the United Nations system in the environmental field. It also enables UNEP, as envisaged in paragraph 2 of the Nairobi Declaration, to "promote the coherent implementation of the environmental dimension of sustainable development within the United Nations system".

16. The core functions of UNEP characteristically embody a regional dimension complementary to the United Nations Regional Commissions which have their own sensing, analytical and normative capacities which address various aspects of sustainable development. In further developing United Nations reform proposals, UNEP's regional programmes and capacities have to be taken into account to improve institutional coherence.

17. In paragraph 172 of his report, the Secretary-General notes "that the world of the twenty-first century will be predominantly urban and the transition to global sustainability will largely depend upon the success of ensuring the sustainable development of our cities and towns." Paragraph 175 refers to "the need for a more integrated systemic approach to policies throughout the whole range of United Nations activities in the economic, social and development fields" and notes that "this requires closer

cooperation and interaction between UNEP and Habitat, and between both entities and other departments, funds and programmes in the economic, social and development areas". The Secretary-General is "exploring ways to strengthen and possibly restructure the United Nations Environment Programme and the Centre for Human Settlements, the two United Nations bodies that are most directly involved in environment, sustainable development, and human settlements issues". Governments recognize the need to broaden and strengthen the institutional alliance between UNEP and UNCHS (Habitat), and to reinforce their partnership with development institutions, including UNDP.

18. The Nairobi Declaration calls on UNEP to strengthen its role in the coordination of activities in the United Nations system in the field of the environment. System-wide oversight is necessary to enhance institutional coherence all around.

IV. PROGRAMME FOCUS

19. In line with General Assembly resolution 2997 (XXVII) and Agenda 21, UNEP programme activities have been wide-ranging. More recently a large number of international, governmental, non-governmental and private-sector institutions have become active in the environmental field. Elements of the international environmental agenda now form part of the work programmes of the United Nations and development bodies. In the light of these developments and a review and appraisal of UNEP work since the United Nations Conference on Environment and Development, the Governing Council decided, in paragraph 3 of the Nairobi Declaration, that the core elements of the focused mandate of UNEP would be the following:

"(a) To analyse the state of the global environment and assess global and regional environmental trends, provide policy advice, early warning information on environmental threats, and to catalyse and promote international cooperation and action, based on the best scientific and technical capabilities available;

"(b) To further the development of its international environmental law aiming at sustainable development, including the development of coherent interlinkages among existing international environmental conventions;

"(c) To advance the implementation of agreed international norms and policies, to monitor and foster compliance with environmental principles and international agreements and stimulate cooperative action to respond to emerging environmental challenges;

"(d) To strengthen its role in the coordination of activities in the United Nations system in the field of the environment, as well as its role as an Implementing Agency of the Global Environment Facility based on its comparative advantage and scientific and technical expertise;

"(e) To promote greater awareness and facilitate effective cooperation among all sectors of society and actors involved in the implementation of the international environmental agenda, and to serve as an effective link between the scientific community and policy makers at the national and international levels;

"(f) To provide policy and advisory services in key areas of institution-building to Governments and other relevant institutions."

20. These core elements will drive UNEP programme development in all areas. The programme will also serve as the principal source of environmental input to the Commission on Sustainable Development. Activities financed by the Environment Fund will typically focus on those areas where they help fill a gap and add value. Further UNEP reform efforts must be grounded in the implementation of the Nairobi Declaration.

21. Correspondingly, United Nations reform measures in the economic and social development area should facilitate operational follow-up of UNEP's norm-setting, policy guidance, assessment, modification, tools development and other work.

22. As a parent body of several environmental conventions, UNEP develops interlinkages and fosters dialogue and information exchange among them. Apart from administrative service, effective programmatic support, is vital in promoting such linkages. Various programme areas (e.g., climate change, biodiversity, chemicals, industry, the ozone layer, land and desertification, water) provide substantive support to environmental conventions. UNEP will streamline such programme support in the light of the convention secretariats' work and that of relevant bodies, such as the GEF secretariat. UNEP programme delivery will also draw upon available guidance on programme priorities from standing scientific and technical bodies servicing the conventions.

23. In paragraph 88 of his report, the Secretary-General notes: "no organization has principal responsibility for dealing comprehensively with the energy sector for example, or with technology, or in respect of the major transition taking place in many countries from state to private enterprises", and observes: "the question of UNIDO's future should be reviewed in this broader context". In this context, proposals to strengthen UNEP as part of the United Nations reform process will need to take into account its work in industry, energy, technology, water and private sector involvement in environmental action, to reinforce existing teamwork and partnerships.

24. The Secretary-General also notes, in paragraph 214 of his report, the growing importance of the private sector and the need to strengthen the ties of the Organization with the business community. UNEP has, for a long time, worked closely with the business community, notably in its industry and environment programme, and its experience in this regard has been rewarding. It is now seeking to broaden and extend private-sector participation in programme development and delivery generally. This will be done as part of a United Nations system-wide approach and in accordance with agreed guidelines.

25. In paragraph 215 of his report, the Secretary-General observes: "the Organization needs to review and update the ways in which it interacts with civil society, as it seeks to serve both the Governments and people of the world". The Nairobi Declaration similarly calls upon UNEP to increase the participation of major groups, including the scientific community, non-governmental organizations and the private sector, in the discharge of its mandate and in implementing the global environmental agenda. UNEP is

engaged in increasing civil society participation in programme development and delivery. Modern information technology and institutional networking will play a vital role in this regard. UNEP work relating to industry, chemicals, the international environmental technology centre, the Global Environment Outlook report series, and in information and public affairs, for example, demonstrates how the involvement of major groups, including the private sector, can make the programme more effective.

V. MANAGEMENT AND ORGANIZATION

26. In paragraph 217 of his report, the Secretary-General notes that work is proceeding on "an integrated accountability system that delegates more day-to-day authority while establishing clear lines of responsibility, clarifying objectives and performance standards, and establishing appropriate oversight, rewards and sanctions". In line with these considerations, UNEP has reviewed and reformed its managerial and organizational structure and practices. It has sought to increase clarity in reporting lines and delegation of authority, to separate administrative oversight and controller functions from programme functions, and to achieve better balance in managerial workload and effective supervision of outposted units. UNEP is also implementing managerial training and other human-resource-development programmes. The Executive Director is fully committed to implementing in UNEP the Secretary-General's managerial and organizational reform guidelines. In line with the Secretary-General's report, the Executive Director is taking steps to delegate maximum authority, responsibility and full accountability to line managers for the management of human and financial resources.

27. A significant part of the success of UNEP lies in the extent to which it persuades others to act on environmental issues' since it does not itself have the mandate or the resources to implement the necessary actions at the field level. To fulfil their responsibility to promote dialogue between science and policy, catalyse scientific and intergovernmental consensus on environmental issues, and promote coordinated environmental action, UNEP programme managers must possess advanced scientific and technical expertise, as well as negotiating, information networking, communication and administrative skills. Further elaboration of the reform proposals should take into account the unique niche of UNEP in the United Nations system and its implications for staffing, management and organization.

28. The Secretary-General refers, in paragraph 242 of his report, to the ongoing review of support services to strengthen existing common services and to consolidate their provision for greater effectiveness and efficiency. The review includes: procurement; information technology and telecommunications; the Integrated Management Information System; personnel services, including medical services; financial services, including banking' treasury and payroll; legal services; transportation and traffic operations; security and safety services; facilities management; printing facilities; and archives and records management. Comparable services are consolidated and provided by the United Nations Office at Nairobi. The Programme Support Services office of UNEP itself provides consolidated services to UNEP staff in respect of: corporate planning and accountability; Fund management; and contributions and resource mobilization.

29. In line with the request of the Secretary-General in its decision 19/29, the Executive Director reports to the Governing Council in regard to implementation of the needed improvements in UNEP policies and practices to counter waste, fraud and mismanagement. Relevant elements include: appropriate delegation of programme planning authority to line managers; strengthening oversight mechanisms; clarifying financial procedures; and providing accurate and complete information on income and expenditures. Currently, in response to Governing Council decisions 19/22 and 19/29B, the Committee of Permanent Representatives and the Secretariat are developing jointly terms of reference to undertake specific studies concerning management and administrative support to the Programme, including the Regional Offices.

VI. FINANCING

30. The Secretary-General states, in paragraph 179 of his report: "it is most likely and necessary to take immediate steps to strengthen UNEP and Habitat" and "to revitalize political and financial support for them". In developing proposals to strengthen UNEP, the Secretary-General may wish to explore how the United Nations regular budget might increase its contribution to programme activities, keeping in view the catalytic, coordinating and servicing role of UNEP vis-à-vis the United Nations system. Governments have reaffirmed the central importance of the Environment Fund as the principal source of financing for the implementation of the UNEP programme. They also recognize the interrelationship between excellence, relevance and cost-effectiveness in programme delivery, confidence in the organization, and the consequent increase in the competitive ability of the programme to attract funding.

31. The Governing Council and its High-level Committee of Ministers and Officials are exploring the ways and means to ensure adequate, stable and predictable financing for UNEP. Governments and the Executive Director are concerned about the growing incidence of earmarked contributions in financing programme activities and its potential impact on their coherence and integrity. They are also concerned about disparities between commitments and payments and about late payments of funds in the planning period which undermine programme delivery. The High-level Committee of Ministers and Officials will have before it, at its second meeting, the Executive Director's report on stable, adequate and productable funding for UNEP (UNEP/HLC/2/4), as well as a background information document on the issue (UNEP/HLC/INF/4).

32. Finally, in paragraph 234 of his report, the Secretary-General notes that the United Nations has been spending too high a percentage of its regular budget on administration and other overhead costs, including public information. He has set a specific goal to reduce such costs in the regular budget by one third and reallocate this "dividend" to economic and social activities. The aim is to reduce overhead and information costs form 38 per cent to 25 per cent of the United Nations regular budget. Following Governing Council decision 19/29 and the Secretary-General's directive in this regard, UNEP has been reviewing its administrative, overhead and public information costs, with a view to reducing them to a level of 25 per cent of programme costs.

VII. CONCLUSION

33. Chapter V, section D, of the Secretary-General's report, entitled "Environment, habitat and sustainable development", addresses specifically some UNEP-related issues. In addition, in other parts of his report, there are a number of observations germane to UNEP. Both at the level of the secretariat and that of the Governing Council, UNEP must contribute positively and effectively to the further development of the Secretary-General's reform proposals.